

Message Text

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ORIGIN NEA-16

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R 050040Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

C O N F I D E N T I A L STATE 117814

E.O. 11652:GDS

TAGS: MASS, CE

SUBJECT: SHIP PURCHASE BY SRI LANKA

REF: COLOMBO 685 (NOTAL)

1. DOD IS SENDING BY SEPTTEL COST BREAKDOWN FOR CEYLONENE PURCHASE OF WPB PATROL BOAT. THIS MESSAGE IS INTENDED AS SUMMARY AND EXPLANATION FOR USE BY EMBASSY WITH MDEA AS YOU DEEM APPROPRIATE. DOD ESTIMATE HAS ENTAILED CONSIDERABLE RESEARCH OF SORT DONE BY DOD FOR ROUGH BUDGETARY ESTIMATES OF ITS OWN MATERIAL COSTS. FIGURES NEVERTHELESS ARE SUBJECT TO POSSIBLE ADJUSTMENT WHICH CAN ONLY BE MADE WHEN DETAILED PHYSICAL SURVEY OF SHIP IS UNDERTAKEN. AS EXPLAINED IN DOD MESSAGE THIS PHYSICAL SURVEY REQUIRES SPECIFIC FUNDING AND CAN ONLY BE UNDERTAKEN IF GSL PAYS FOR IT.

2. COST FIGURES CONSIDERABLY EXCEED ROUGH \$350,000 ESTIMATE TRANSMITTED STATE 251792. DOD NOW ESTIMATES, ON BASIS MORE DETAILED STUDY PROMPTED BY EMBASSY REQUEST
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(REFTEL), THAT REHABILITATED SHIP WILL COST NEARLY \$600,000,

THOUGH COST PER SHIP MIGHT RPT MIGHT BE SLIGHTLY LOWER IF TWO SHIPS PURCHASED.

3. COST BREAKDOWN IS SUMMARIZED BELOW. IT SHOULD BE EMPHASIZED FIGURES ARE ONLY ESTIMATES AND THAT COSTS ARE

STEADILY INCREASING ON GOODS AND SERVICES CITED. (SEE DOD SEPTTEL FOR DETAILS):

A. HULL COST, AS IS: \$20,000

B. PRELIMINARY SURVEY: \$70,000

C. OPERATING EQUIPMENT (COAST GUARD ESTIMATES) INCLUDING 4 NEW ENGINES, INSTALLED, AND ELECTRONIC GEAR: \$125,000

D. ENGINEERING STUDIES (EQUIPMENT VALIDATION, APL, COSAL, COSMAL) TO DETERMINE REQUIRED MODIFICATIONS, REHABILITATION, OPERATING AND MAINTENANCE EQUIPMENT AND SPARES: \$191,000

E. NECESSARY ACCESSORY EQUIPMENT, SPARES AND MAINTENANCE TOOLS: \$75,000

F. TRANSPORT TO SRI LANKA ABOARD CARGO SHIP: \$100,000

G. TOTAL: \$581,000

4. COST ESTIMATES PARA 3 ARE BASED ON ADHERENCE TO USG SPECIFICATIONS. IT IS POSSIBLE THAT GSL COULD CONTRACT SURVEY AND REHABILITATION PRIVATELY ALTHOUGH IT IS DOUBTFUL COST COULD BE SIGNIFICANTLY REDUCED. IN ADDITION, OF COURSE, USG FEELS MORE CONFIDENT OF SATISFACTORY REHABILITATION IF IT IS SUPERVISED BY US MILITARY ACCORDING USG SPECS.

5. WE HOPE GSL CAN GIVE US FIRM DECISION ON PURCHASE QUICKLY. IF GSL QUESTIONS DISPARITY OF EARLIER AND CURRENT COST ESTIMATES, YOU MAY DRAW ON PARA 2 AND NOTE THAT PRICE OVER WHICH USG HAS CONTROL REMAINS NOMINAL
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AND FIRM: HULL PRICE OF \$20,000.

6. IF EMBASSY BELIEVES IT USEFUL WE CAN ARRANGE TO BRIEF DEPMIN MDEA LAKSMAN JAYAKODDY ON SHIP DURING HIS JULY VISIT HERE. IF HE WISHES HE CAN SEE HULLS BEING OFFERED TO GSL AND AN OPERATING WPB. KISSINGER

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